[Quarterly Report]

03/2005

www.betasystems.com

Contents

Report for the Third Quarter	Page 3
Consolidated Statements of Operations	Page 11
Consolidated Balance Sheets	Page 13
Consolidated Statements of Cash Flow	Page 14
Consolidated Statements of Shareholders' Equity	Page 15
Notes to the Consolidated Financial Statements	Page 16

Key Operational Highlights

- Merger with Kleindienst executed effective from August 25, 2005
- Karl-Joachim Veigel leaves Management Board of Beta Systems Software AG
- "Growth and Profit 2005 – GaP'05" restructuring program continues unabated

Financial Highlights for Third Quarter 2005, Beta Systems

- Revenue declines to Euro 21.7 million (Q3 2004: Euro 23.5 million)
- Non-recurring items: Third-quarter expenses of Euro 1.9 million relating to integration (incl. merger-specific expenses) as well as Group-wide restructuring and cost-reduction measures
- Pre-tax loss from continuing operations of Euro 3.8 million (Q3 2004: loss of Euro 1.4 million)
- Net loss of Euro 2.0 million/Euro 0.47 per share (Q3 2004: loss of Euro 0.7 million/Euro 0.18 per share)

Financial Highlights for First Nine Months 2005, Beta Systems

- Revenue increases by 8.2% to Euro 64.9 million (9M 2004: Euro 60.0 million)
- Non-recurring items I: Expenses of Euro 3.8 million in the first nine months of 2005 relating to integration (incl. merger-specific expenses) as well as Group-wide restructuring and cost-reduction measures
- Pre-tax loss from continuing operations of Euro 9.5 million (9M 2004: loss of Euro 2.4 million)
- Non-recurring items II: Gain on disposal of Outsourcing Service business unit of Euro 5.1 million (less taxes and operating loss from Jan. 1, 2005, to date of disposal on Apr. 30, 2005)
- Net loss of Euro 0.2 million/Euro 0.06 per share (9M 2004: loss of Euro 0.9 million/Euro 0.23 per share)

Comments of the Management Board

"The situation within the IT sector, particularly in Germany, continues to be characterized by reluctance on the part of customers to invest in new systems. There was no sign of a reversal of this trend in the third quarter of 2005. As outlined in previous quarterly reports, fiscal 2005 has been dominated by cost reduction, consolidation, and integration within the framework of our "GaP'05" program. Our objective is to create a corporate structure in which we can unlock our potential within the area of earnings and growth in a more decisive manner," said Dietmar Breyer, CEO of Beta Systems Software AG, commenting on the results.

Mr. Breyer added, “We are committed to completing the current process of Group restructuring in a timely manner, the prime objective being that we can kick off with a new organization and optimized cost structures in fiscal 2006. We are currently anticipating a sustained reduction in our break-even threshold by up to Euro 5 million. With regard to our outlook for 2005, it should be noted that the prevailing market conditions and expenses associated with restructuring were taken into consideration. On this basis, we are able to reaffirm our forecast. We remain confident that we can achieve a year-on-year increase in revenue from continuing operations. At the same time, our pre-tax result from continuing operations, adjusted for non-recurring items, is expected to reach break-even level. Owing to the one-off gain on disposal of our Outsourcing Service business unit, an area discontinued as part of the sale, net income for the year as a whole is expected to rise.”

Important note on comparability with financial statements published for previous years
As from fiscal 2005, all financial statements are prepared in accordance with generally accepted International Financial Reporting Standards (IFRS). Within this context, all data for previous years, i.e. all balance sheet items as well as all items included in income statements, have been adjusted accordingly. The conversion from US-GAAP to IFRS has resulted in a number of differences in terms of financial reporting. These have been outlined in the Notes to this report, which also include detailed reconciliations.

Owing to the discontinued operations of the Outsourcing Service business unit, all data for 2004 and 2005 relating to profit before taxes (e.g. operating profit and EBT) has been listed with the supplementary annotation “from continuing operations”. These figures include neither revenues nor operating expenses associated with the business unit disposed of by the company. Income from discontinued operations is reported after taxes and is included directly in net income, viz. the result for the reporting period.

Based on this, the figures for fiscal 2004 are as follows:

Financial indicators 2004 according to IFRS (unaudited)	Euro million
Revenue (continuing operations)	90.0
Operating income (continuing operations)	0.9
Earnings before taxes (continuing operations)	0.3
Income from discontinued operations	1.0
Net income	0.1

Merger of Kleindienst Datentechnik into Beta Systems comes into force

The merger of Kleindienst Datentechnik AG into Beta Systems Software AG officially came into force on August 25, 2005, upon entry into the Commercial Register of Beta Systems at the District Court of Charlottenburg, Berlin.

Effective from the date of coming into force, Kleindienst ceased to exist as a going concern, with the entirety of Kleindienst assets passing to Beta System.

The share-exchange ratio for the merger was set at three Beta Systems shares for five Kleindienst shares, i.e. 0.6 Beta Systems shares for each Kleindienst share. The exchange of Kleindienst shares was performed automatically by the custodian banks and Commerzbank Aktiengesellschaft, Frankfurt am Main, as fiduciary and was free of charge for Kleindienst shareholders entitled to conversion.

Thus, the license originally granted to Kleindienst shares for trading on the Regulated Market of the Frankfurt Securities Exchange (General Standard) ceased to be valid on the date the merger came into force. The listing of former Kleindienst shares in the Regulated Market of the Frankfurt Securities Exchange was discontinued effective from the end of August 26, 2005. The 258,543 new shares of Beta Systems were included in trading on the Regulated Market of the Frankfurt Securities Exchange (Prime Standard) effective from September 1.

Karl-Joachim Veigel leaves the company

Karl-Joachim Veigel, former CEO of Beta Systems Software AG, vacated his post effective from September 21, 2005, with the consent of the Supervisory Board. The Supervisory Board wishes to thank Mr. Veigel for the outstanding level of commitment displayed and the successful contribution over the last five years. Dietmar Breyer, former Deputy Chairman of the Management Board, has assumed the responsibilities of CEO for a transitional period. Effective from October 4, 2005, the Supervisory Board appointed Mr. Kilian Krieger as General Representative responsible for Finance, Controlling, Purchasing and Human Resources.

GaP'05 restructuring program continues unabated

The process of corporate restructuring initiated as part of the “Growth and Profit 2005 - GaP'05” program has continued at pace and is to be completed by the end of the year. In the course of reorganization, the company will be structured into the three business units IDM (Identity Management), DCI (Data Center Infrastructure) and ECM (Enterprise Content Management), embracing market-driven strategies geared towards profitability and growth. For this purpose, the marketing, sales, and service functions previously pooled within the company will be allocated directly to the respective business segments. The profit center structure is designed to provide segment management with direct, more self-determined operational and financial control. The new corporate structure is aimed at achieving greater interconnection with client enterprises and increasing the level of specialization within the company’s sales and service teams in order to tailor their activities more precisely to the specific requirements of the various market segments.

Effective from October 1, 2005, Rudolf Huber (45) has taken charge of the new Identity Management business unit. As Vice President IDM, Mr. Huber is responsible for expanding IDM on a global scale. Rudolf Huber has a proven track record spanning 17 years within the IT industry. He has held senior management positions at a number of international companies such as Attachmate, NetSoft, and Consul Risk Management, covering all areas within the value chain from Sales and Marketing to Finance and Human Resources. In his senior management capacity, he has had the opportunity to build extensive sales, marketing, and support structures at international level. Having successfully shaped the expansion of international Identity Management specialist Entact Information Security, Rudolf Huber went on to become Managing Partner of the consulting company Arise International, Munich/Dallas, where he advised suppliers of security software on issues relating to sales development in Europe.

Cost of restructuring program

In the fiscal year to date, total expenses associated with the integration (incl. merger expenses) as well as Group-wide restructuring and cost-reduction measures within the framework of “GaP'05” amount to Euro 3.8 million. Additional costs are expected to be incurred within this area by the end of the fiscal year.

Financial Position, Financial Performance, and Cash Flows

The information contained in the following sections refers to the consolidated results of the Beta Systems Group, including the former Kleindienst Group.

Development of Revenue

As a supplier of complex IT enterprise solutions, Beta Systems generates revenues in the area of software licenses, maintenance agreements, and services. In addition, revenues within the area of ECM/Input Management are derived from company-produced hardware (e.g. scanner systems) and hardware reselling (e.g. PC workstations and servers). As the reporting structure used by former Kleindienst does not differentiate between the categories of revenue outlined above, revenues generated by Kleindienst as well as manufacturing costs and costs of goods sold are not reported on this basis. Therefore, the relevant figures for revenues generated by Kleindienst are reported separately under revenues from project business in the ECM/Input Management area (i.e. hardware solutions, software licenses, maintenance agreements, and services).

Revenues declined to Euro 21.7 million in the third quarter of 2005, from Euro 23.5 million in the same period a year ago. This was attributable to weak demand within the IT sector, particularly in Germany. The companies within the Beta Systems Group finalized a number of contracts with major international clients, including Toyota (automobiles, United Kingdom), Rural Servicios Informáticos (IT services, Spain), VISA (credit institute, USA), and Global Value (insurance, Italy). In Germany, Kreditanstalt für Wiederaufbau (public administration), TUI (tourism), Finanz-IT (IT services), and LBS Baden-Württemberg (building and loan association) concluded agreements with the Beta Systems Group.

Revenues from licenses decreased by 13.0% to Euro 3.4 million in the third quarter of fiscal 2005, down from Euro 3.9 million in the third quarter of fiscal 2004. The decline is mainly attributable to lower sales from new licenses and license upgrades. At Euro 5.8 million, maintenance revenues generated in the third quarter of fiscal 2005 were slightly lower than in the same period a year ago (Q3 2004: Euro 6.1 million). Revenues from services increased by 7.2%, from Euro 1.5 million in the third quarter of 2004 to Euro 1.6 million in the period under review. Revenues generated from project business within the area of ECM/Input Management declined to Euro 10.8 million (Q3 2004: Euro 12.0 million).

Performance of the Business Segments

Segment reporting is based on the business segments Data Center Management, Identity/Security Management, Storage Management, and Enterprise Content Management, latter comprising the sub-categories ECM/Output Management and ECM/Input Management. The Enterprise Content Management segment includes the results of the Beta Systems business unit ECM/Output

Management, while the sub-category ECM/Input Management includes the results of the former Enterprise Systems business unit operated by Kleindienst.

Revenue generated by the business segment Data Center Management declined to Euro 3.1 million, while the operating result was lower year on year at minus Euro 0.1 million. The Identity/Security Management segment posted an operating loss of Euro 1.0 million in the third quarter of 2005. At the same time, revenues within this area increased to Euro 3.7 million. The Storage Management business segment recorded revenues of Euro 0.5 million and an operating loss of Euro 0.1 million. Revenues generated by the ECM/Output Management business segment amounted to Euro 3.5 million, while the operating loss stood at Euro 0.3 million. ECM/Input Management reported a decline in revenue to Euro 10.8 million, with an operating loss of Euro 2.1 million.

Gross Profit

Gross profit declined to Euro 8.8 million in the third quarter of 2005, compared with Euro 11.9 million in the same period a year ago. As the reporting structure of former Kleindienst Datentechnik AG did not differentiate between the various categories of cost of sales, the manufacturing costs and costs of goods sold attributable to Kleindienst for ECM/Input Management project business are reported separately. The gross profit margin declined to 40.6% in the third quarter of 2005, down from 50.7% in the same period a year ago. This was attributable principally to increased manufacturing costs associated with ECM/Input Management solutions developed within the framework of project business. Within this context, the lower level of capacity utilization as a result of sluggish demand had an adverse effect. In addition, Beta Systems recorded a negative gross-profit contribution from Services revenues.

Costs and Expenses Development

Operating expenses declined by Euro 0.8 million to Euro 12.5 million in the third quarter of 2005, compared with Euro 13.3 million in the third quarter of 2004, despite non-recurring items associated with the integration as well as Group-wide restructuring and cost-reduction measures implemented as part of the “GaP'05” program. The non-recurring items outlined above amounted to Euro 1.9 million in the third quarter of 2005 and were distributed across the full range of operating costs. The level of operating expenses in relation to revenue was slightly higher in the period under review, increasing from 56.6% in the third quarter of 2004 to 57.7% in Q3 2005.

Income

In the third quarter of 2005, Beta Systems recorded an operating loss from continuing operations of Euro 3.8 million, compared with an operating loss of Euro 1.3 million in the same period a year ago. The loss before interest and taxes from continuing operations (EBIT) amounted to Euro 3.8 million in the third quarter of 2005, compared to a loss before interest and taxes of Euro 1.3 million in the third quarter of 2004. Interest expense was close to zero in the period under review, as in the previous year. The loss before taxes and minority interests from continuing operations (EBT) amounted to Euro 3.8 million in the third quarter of 2005 (Q3 2004: loss of Euro 1.4 million). The reported income from minority interests recorded in fiscal 2005 is in connection with the merger-related swap of ownership interests held in Kleindienst by minority shareholders.

Income Tax and Net Result

Taking into account a tax credit of Euro 2.2 million in Q3 2005, the net loss for the third quarter of 2005 was Euro 2.0 million, or Euro 0.47 per share, compared with a net loss of Euro 0.7 million, or Euro 0.18 per share, in the third quarter of 2004. In the third quarter, the weighted average number of shares outstanding was 4,279,405 shares (Q3 2004: 4,055,652 shares).

Financial Position and Shareholders' Equity

As at September 30, 2005, Beta Systems had cash and cash equivalents amounting to Euro 8.3 million and shareholders' equity of Euro 29.1 million, compared with cash and cash equivalents (including restricted cash) of Euro 11.5 million and shareholders' equity of Euro 28.4 million at December 31, 2004. Long-term borrowings within the Beta Systems Group were reduced from Euro 16.5 million at December 31, 2004, to Euro 6.5 million at the end of the quarter under review as a result of principal repayments.

Personnel

The staff complement within the Beta Systems Group declined from 1,022 at the end of fiscal 2004 to 741 at September 30, 2005. The reduction in staffing levels was attributable to measures implemented with the purpose of focusing on the company's core business (disposal of one business unit) as well as measures aimed at increasing efficiency levels in administration, sales, and development.

Conference Call

The company will comment on the financial results for the third quarter of 2005 as part of a conference call to be held on **Thursday, November 10, 2005**. The conference call will take place at **11:00 CET** and can be accessed by calling +44 (0)20 7365 1850 (Access Code: "betasystems"). A tape recording of the telephone conference will be available for twenty-four hours. This recording can be accessed by calling +44 (0)207 784 1024 (Access Code: 2438718#).

The Management Board

Disclosure of Directors' Holdings of Beta Systems Software AG (unaudited)

At September 30, 2005	Number of shares
Management Board	
Dietmar Breyer	-
Dr. Oskar von Dungern	15,520
Supervisory Board	
Harald J. Joos	-
William P. Schmidt	534,166
Stefan Hillenbach	2,144
Wilhelm Terhaag	-
Thomas Engelhardt	28,000
Jürgen Dickemann	-
Beta Systems Software AG	
Treasury stock	60,305

None of the Supervisory Board or Management Board members currently hold stock options or conversion rights to shares of Beta Systems Software AG.

Beta Systems Software AG, Berlin, Germany
Beta Systems Software AG (Deutsche Börse - Prime Standard: BSS) is a leading supplier of infrastructure software for enterprise critical applications for the automation and protection of business processes. Beta Systems provides software in the following areas: Identity Management (IDM), Enterprise Content Management (ECM) and Data Centre Infrastructure (DCI). All Beta Systems' solutions are able to manage high-volumes of information and throughput. They secure business critical data and help achieve compliance by addressing regulatory requirements. The ECM product range includes scanners and sorters from Kleindienst - a brand owned by Beta Systems Software AG.

Beta Systems has been listed on the Deutsche Börse (German stock exchange) since 1997 and employs 741 people (as at September 2005). The company has 15 subsidiaries worldwide, as well as numerous business partners. Beta Systems' worldwide customer base comprises more than 1000 customers including IT service providers and large organisations from the fields of finance and insurance, manufacturing, commerce, telecommunications, logistics and energy supply, along with public sector organisations. For further information please visit: www.betasystems.com

Contact:
Director Corporate Communications
Arne Baßler
Beta Systems Software AG
Tel.: (030) 726 118 -170
Fax: (030) 726 118 - 881
e-mail: arne.bassler@betasystems.com

This quarterly report contains forward-looking statements based on current assumptions and forecasts by the management of Beta Systems. Although these assumptions and forecasts are based on prudent commercial judgment, there can be no assurance that the expectations expressed therewith are correct or will materialize. The assumptions and forecasts contained herein may be subject to risks or uncertainties which could cause actual results or outcomes to differ materially from those expressed in the assumptions and forecasts. Factors that may cause actual results to differ materially are, among others, changes in economic conditions and the business-related environment, changes in exchange rates and interest rates, introduction of competing products, lack of demand for or interest in new products or services, as well as changes with regard to the Company's strategy. Beta Systems disclaims any obligation to update any forward-looking statements to reflect subsequent events or circumstances.

Beta Systems Software AG and Subsidiaries
Consolidated Statements of Operations
(According to IFRS; Euro in thousands, except share data)

	Note	Three months to September 30, 2004 (unaudited)	2005 (unaudited)
Revenues:			
Product licences		3,946	3,434
Maintenance		6,125	5,818
Service		1,507	1,616
Project Business ECM Input Management		11,966	10,812
Total revenues	5	23,544	21,680
Cost of revenues:			
Product licences		568	573
Maintenance		1,775	1,868
Service	2	1,755	2,051
Project Business ECM Input Management		7,507	8,388
Total cost of revenues		11,605	12,880
Gross profit		11,939	8,800
Operating expenses:			
Selling	2	5,945	5,580
General and administration	2	3,285	2,990
Research and development	2	3,828	3,883
Amortization of intangible assets		136	64
Severance payments and other restructuring costs		121	-
Total operating expenses		13,315	12,517
Other operating income (expenses), net		89	(49)
Operating loss from continuing operations		(1,287)	(3,766)
Interest expense, net		(95)	(83)
Loss from continuing operations, before income taxes and and minority interests		(1,382)	(3,849)
Income tax benefit		(667)	(2,154)
Loss from discontinued operations, less income taxes	4	430	-
Net loss before minority interests		(1,145)	(1,695)
Minority interests		(421)	328
Net loss		(724)	(2,023)
Net loss per ordinary share			
Basic and diluted	1	-0.18	-0.47
Weighted average number of shares used to compute net loss per ordinary share			
Basic and diluted		4,055,652	4,279,405

See accompanying Notes to the Consolidated Financial Statements

Beta Systems Software AG and Subsidiaries
Consolidated Statements of Operations
(According to IFRS; Euro in thousands, except share data)

	Note	Nine months to September 30, 2004 (unaudited)	2005 (unaudited)
Revenues:			
Product licences		13,365	10,800
Maintenance		17,966	17,200
Service		4,087	8,959
Project Business ECM Input Management		24,630	27,931
Total revenues	5	60,048	64,890
Cost of revenues:			
Product licences		1,676	1,526
Maintenance		5,449	5,924
Service	2	4,989	8,762
Project Business ECM Input Management		14,701	19,921
Total cost of revenues		26,815	36,133
Gross profit		33,233	28,757
Operating expenses:			
Selling	2	16,554	16,391
General and administration	2	9,060	10,372
Research and development	2	10,347	13,160
Amortization of intangible assets		279	186
Severance payments and other restructuring costs		121	-
Total operating expenses		36,361	40,109
Other operating income (expenses), net		692	2,168
Operating loss from continuing operations		(2,436)	(9,184)
Interest expense, net		(10)	(341)
Loss from continuing operations, before income taxes and and minority interests		(2,446)	(9,525)
Income tax benefit		(1,640)	(4,703)
(Income) loss from discontinued operations, less income taxes	4	876	(5,107)
Net income (loss) before minority interests		(1,682)	285
Minority interests		(738)	526
Net loss		(944)	(241)
Net loss per ordinary share			
Basic and diluted	1	-0.23	-0.06
Weighted average number of shares used to compute net loss per ordinary share			
Basic and diluted		4,022,560	4,167,613

See accompanying Notes to the Consolidated Financial Statements

Beta Systems Software AG and Subsidiaries
Consolidated Balance Sheets
(According to IFRS; Euro in thousands, except share data)

	Note	At December 31, 2004 (audited)	At September 30, 2005 (unaudited)
Current assets:			
Cash and cash equivalents		10,836	8,327
Restricted cash		705	-
Accounts receivable, less allowances: 2004: 656; 2005: 664		29,178	20,736
Work in Process (POC), net		5,805	4,242
Inventories, net		7,193	8,447
Prepaid expenses and deferred charges		1,987	1,196
Other current assets		3,211	1,618
Total current assets		58,915	44,566
Property and equipment, net		8,893	5,635
Goodwill, net		11,372	1,394
Other intangible assets, net		6,284	1,190
Capitalized software development costs, net		4,478	4,222
Deferred income taxes		4,597	13,652
Other assets		6,848	6,020
Total assets		101,387	76,679
Current liabilities:			
Short-term finance and current installments of long-term debt and capital leases		10,108	686
Accounts payable		4,034	3,031
Deferred revenues		9,246	9,645
Income taxes payable		3,388	1,505
Accrued expenses and other current liabilities	2	14,377	15,172
Total current liabilities		41,153	30,039
Long-term debt and capital leases		16,528	6,523
Pension obligations		1,954	2,034
Deferred income taxes		3,704	7,569
Other liabilities		774	1,451
Total liabilities		64,113	47,616
Shareholders' equity:			
Ordinary shares: EUR 2.56 imputed nominal value; Dec 2004: 4,171,095 shares issued and 4,110,790 shares outstanding; Sep 2005: 4,429,638 shares issued and 4,369,333 shares outstanding.		10,663	11,324
Additional paid-in capital		19,283	20,739
Accumulated loss		(2,630)	(3,899)
Accumulated other comprehensive income		1,491	1,318
Treasury stock at cost: 60,305 shares in 2004 and 2005		(419)	(419)
Total shareholders' equity attributable to the shareholders of the parent company		28,388	29,063
Minority interests	3	8,886	-
Total liabilities and shareholders' equity		101,387	76,679

See accompanying Notes to the Consolidated Financial Statements

Beta Systems Software AG and Subsidiaries
Consolidated Statements of Cash Flow
(According to IFRS; Euro in thousands)

	Nine months to September 30, 2004 (unaudited)	Nine months to September 30, 2005 (unaudited)
Operating activities		
Net loss	(944)	(241)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	4,900	3,238
Non-cash effects of discontinued operations	-	1,266
Gain on sale of Outsourcing Service	-	(5,846)
(Gain) Loss on sale of equipment	(24)	55
Deferred compensation costs	9	-
Interest expenses	246	341
Interest paid	303	508
Income tax expenses	385	573
Deferred tax expenses	(1,750)	(5,269)
Income taxes paid	68	188
Minority interests	(422)	526
Changes in assets and liabilities, net:		
- Decrease in accounts receivable	8,964	5,701
- Decrease in accounts payable	(2,448)	(709)
- Increase (Decrease) in deferred revenues	(2,185)	398
- Change in other assets and liabilities, including current tax liabilites and Assets Held for Sale, net	(3,538)	3,091
Net cash provided by operating activities	3,564	3,820
Investing activities		
Purchases of property and equipment	(1,827)	(635)
Proceeds from sales of property and equipment	283	260
Proceeds from sale of Outsourcing Service, net of cash assets	-	9,920
Cash paid for acquisition of software development costs	(497)	(694)
Cash paid for investments and asset deals, net	(16,882)	(395)
Net cash provided by (used in) investing activities	(18,923)	8,456
Financing activities		
Repayment of of short-term borrowings	2,708	(7,562)
Proceeds from grant of long-term debt	12,830	6,000
Repayment of long-term debt and capital leases	(3,770)	(12,103)
Dividends paid	(1,957)	(1,028)
Issuance of shares, net	365	-
Additional paid-in capital	530	(856)
Net cash provided by (used in) financing activities	10,706	(15,549)
Effect of exchange rate changes on cash	302	60
Decrease in cash and cash equivalents	(4,351)	(3,213)
Cash and cash equivalents at the beginning of the period	14,775	11,541
Cash and cash equivalents at the end of the period	10,424	8,328
Supplementary cash flow disclosures:		
Acquisition of business through capital increase	-	2,973

See accompanying Notes to the Consolidated Financial Statements

_betasystems

Beta Systems Software AG and Subsidiaries - Consolidated Statements of Shareholders' Equity and Comprehensive Income (Loss)
(According to IFRS; Euro in thousands, except share data)
Nine months to September 30, 2005 (unaudited)

	Ordinary Shares							Treasury Stock				
	Number of shares issued	Nominal amount	Additional paid-in capital	Unearned deferred compensation	Accumulated other comprehensive income	Accumulated loss	Net loss, Incl. comprehensive income (loss)	Number of shares	Amount, at cost	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
Balance at December 31, 2003	4,020,710	10,279	18,244	-	1,225	2,381		(60,305)	(419)	31,710	-	31,710
IFRS conversion adjustments	-	-	(337)	780	-	(2,792)		-	-	(2,349)	-	(2,349)
Balance at January 1, 2004	4,020,710	10,279	17,907	780	1,225	(411)		(60,305)	(419)	29,361	-	29,361
Issuance of ordinary shares	150,385	384	586	-	-	-		-	-	970	-	970
Dividends paid	-	-	-	-	-	(2,203)		-	-	(2,203)	-	(2,203)
Net loss	-	-	-	-	-	(17)	(17)	-	-	(17)	-	(17)
Other comprehensive loss, net of tax effect												
Unrealized loss on investment securities	-	-	-	-	-	-	(41)	-	-		-	
Currency translation adjustments	-	-	-	-	-	-	307	-	-		-	
Other comprehensive income	-	-	-	-	266	-	266			266		266
Comprehensive income							249					
Unearned deferred compensation	-	-	790	(780)	-	-		-	-	10	-	10
Shareholders' equity attributable to the shareholders of the parent company	4,171,095	10,663	19,283	-	1,491	(2,630)		(60,305)	(419)	28,388	-	28,388
Minority interests	-	-	-	-	-	-	-	-	-	-	8,886	8,886
Balance at December 31, 2004	4,171,095	10,663	19,283	-	1,491	(2,630)		(60,305)	(419)	28,388	8,886	37,274
Issuance of ordinary shares	258,543	661	1,456	-	-	-		-	-	2,117	-	2,117
Dividends paid	-	-	-	-	-	(1,028)		-	-	(1,028)	-	(1,028)
Net loss	-	-	-	-	-	(241)	(241)	-	-	(241)	-	(241)
Other comprehensive loss, net of tax effect												
Unrealized loss on investment securities		-	-	-	-	-	-	-	-		-	
Currency translation adjustments	-	-	-	-	-	-	(173)	-	-		-	
Other comprehensive loss	-	-	-	-	(173)	-	(173)	-	-	(173)	-	(173)
Comprehensive loss							(414)					
Shareholders' equity attributable to the shareholders of the parent company	4,429,638	11,324	20,739	-	1,318	(3,899)		(60,305)	(419)	29,063	8,886	37,949
Minority interests	-	-	-	-	-	-	-	-	-	-	(8,886)	(8,886)
Balance at September 30, 2005	4,429,638	11,324	20,739	-	1,318	(3,899)		(60,305)	(419)	29,063	-	29,063

See accompanying Notes to the Consolidated Financial Statements

Beta Systems Software AG and Subsidiaries
Notes to the Consolidated Financial Statements
(According to IFRS; Euro in thousands, except share data)
September 30, 2004 and 2005 (unaudited)

1. Summary of Significant Accounting Policies

Description of Business — Beta Systems Software Aktiengesellschaft and subsidiaries ("Beta Systems" or "the Company") develops, markets and supports enterprise automation software solutions for mainframe computers and other hardware managed by information systems departments of large corporations, government agencies and other organizations. The Company's products are designed to increase the productivity of data centers by automating manual tasks and optimizing the use of hardware resources. The Company's products feature a common comprehensive architecture which facilitates the development and integration of the Company's products across applications. The ECM/Input Management business segment develops and sells Document-Management-Solutions for various sectors and especially for the payment processing in the banking sector. The Company's principal offices are located in Berlin, Germany, and subsidiaries are located throughout Europe, Africa and North America.

Basis of Presentation — The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial reports. Accordingly they do not include all of the information and footnotes required by International Financial Reporting Standards (IFRS) for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation (normal recurring accruals) were included. Operating results for the period ended September 30, 2005 are not necessarily indicative of the results that may be expected for the fiscal year 2005. For further information, refer to the Company's financial statements and footnotes thereto for the fiscal year ended December 31, 2004 (according to US-GAAP).

Principles of Consolidation — All companies in which Beta Systems has legal control are fully consolidated. The effects of intercompany transactions are eliminated. Minority interests represent the share by outside companies in the earnings of the Kleindienst Group.

Foreign Currencies — The balance sheets of foreign subsidiaries are translated to Euro on the basis of period-end exchange rates, while the income statements are translated using average exchange rates during the period. Cumulative translation adjustments are reported as a separate component of other comprehensive income.

Revenue Recognition — Product license revenue, consisting of new product licenses and CPU upgrades, is recognized when persuasive evidence of an arrangement exists, when delivery has occurred, the fee is fixed or determinable, and collectibility is probable. According to IFRS, regulations for the allocation of the purchase price for multiple element licence contracts do not exist. If a licensing agreement includes multiple elements, revenues are allocated to those elements based on vendor specific objective evidence of Fair Value. Maintenance revenue is recognized ratably over the maintenance period.

Service revenue consists principally of installation and training services and is recognized as the services are performed. In addition to the existing standard software product range, the Company also offers products to meet the demand for individually customized software solutions. Revenues from these construction contracts are recognized according to the percentage-of-completion method, a method requiring the following criteria to be satisfied for revenue recognition: rights and responsibilities must be clearly defined in the contract, pre-project calculation of costs and revenues must be possible, the final profitability of the project must be able to be determined reliably and objectively, i.e. further projected costs and revenues must equally be able to be estimated accurately, risks may not hinder the ability to deliver the contract (e.g. credit risks, legal considerations), and payment by the customer must be probable. The Company uses the Cost-to-Cost Method to determine the percentage of completion.

Research and Development and Capitalized Software Development Costs — Research and development costs are charged to expenses as incurred. The development of new software products and substantial enhancements to existing software products takes place incrementally and iteratively. The research phase of an internal development project to create a software product cannot be distinguished from the development phase, accordingly expenses cannot be distinctly allocated to these phases. The Company treats these expenditures as if they were incurred in the research phase only, in accordance with IAS 38.52 and IAS 38.53.

Acquired capitalized software development costs are amortized each reporting period by the greater of (i) the straight-line method over the estimated useful life of the software (normally five years) or (ii) the ratio of current gross revenues from sales of the software to the total of current and anticipated future gross revenues from sales of that software.

At each balance sheet date, unamortized acquired capitalized software development costs are compared to net realizable values of those products to determine whether an impairment exists. If an impairment has occurred, the amount by which the unamortized capitalized software development costs exceed the net realizable value (the present value of future estimated sales of the products less costs to sell) of that asset is written off.

Advertising Costs — Advertising costs are charged to expenses as incurred.

Cash and Cash Equivalents — Cash and cash equivalents represent cash and highly liquid certificates of deposit and investments with original maturities of three months or less.

Restricted Cash — As at December 31, 2004 an amount of EUR 705 was restricted in connection with a liability towards a customer. An advance payment was delivered on a construction project – this was utilized in accordance with the progress of the project.

Inventories — Inventories are stated at the lower of historical costs or net selling price, considering the lower of cost or market principle. Inventory risks are accounted for by adequate reserves for slow-moving, obsolete and damaged items where appropriate. Obsolote allowances are reversed.

Property and Equipment — Property and equipment is valued at acquisition cost and subsequently depreciated using the straight-line method over the assets' useful lives as follows: building improvements — five to ten years; computer equipment — three to five years; facilities and office equipment — three to thirteen years.

Goodwill and Other Intangible Assets — Intangible assets including goodwill are valued at acquisition cost, net of impairments. At each reporting date the Company assesses the recoverability based on future cash flows in accordance with IAS 36.

Other Non-Current Assets — Other non-current assets include an investment intended to fund a portion of the Company's pension obligations. The Company accounts for such investment at cash surrender value. In addition, other non-current assets include tax receivables and receivables from unbilled invoices.

Fair Value of Financial Instruments — Financial instruments of the Company consist of cash and cash equivalents, marketable securities, accounts receivable, accounts payable and accrued liabilities. The Fair Value of long-term debt does not vary materially from its carrying value. The carrying value of other financial instruments approximates their Fair Value because of the short maturity of such instruments.

Stock Option Plans — The Company accounts for its stock incentive plans in accordance with the provisions of IFRS 2. Thus, share-based payments are expensed as personnel costs with their Fair Value. The simplification rule under IFRS 2.60 is not applied.

Net Loss Per Share — The net loss per ordinary share is calculated by dividing the net loss by the weighted average number of ordinary shares outstanding during the reporting period. Diluted net loss per ordinary share is calculated in accordance with IAS 33 to reflect the diluting effect of shares.

The following is a reconciliation from basic net loss per share to diluted net loss per share from continuing operations:

	Three months to September 30,		Nine months to September 30,	
	2004	**2005**	2004	**2005**
Net Operating Loss	(724)	**(2,023)**	(944)	**(241)**
Average Number of Shares Outstanding	4,055,652	**4,279,405**	4,022,560	**4,167,613**
Effect of Dilution : Options	-	**-**	-	**-**
	4,055,652	**4,279,405**	4,022,560	**4,167,613**
Net Loss per Share Basic and Diluted	(0.18)	**(0.47)**	(0.23)	**(0.06)**

Use of Estimates — The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent amounts at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Restructuring

Measures to reduce operating expenses by streamlining business processes were introduced during the year. This included staff reduction measures based on on a social compensation program. The staff reduction plan concerns 25 employees at the Berlin location as follows: administration and shipping - 10 employees, marketing - 1 employee, service and development - 14 employees. The restructuring in the development department affects the ECM Output und Data Center business units. The measures are expected to be completely implemented by the end of the year.

As at September 30, 2005 costs for severance payments were accrued and expensed in the income statement as follows:

	As at September 30, 2005
Cost of Sales	517
Selling Costs	279
Research and Development Costs	1,377
General Administration Costs	893
Total Restructuring Costs	**3,066**

The amount was accrued during the second and third quarters of 2005. All of the above costs relate to the reduction of staff. Further material costs are not expected to incur.

Development of the accrued liabilities for staff restructuring costs during 2005 is as follows:

	As at September 30, 2005
Total Accrual established during the Year	3,066
Use of the Accrual	(87)
Reversal	(262)
Balance of the Accrual	**2,717**

3. Business acquisition and merger of Kleindienst Datentechnik AG

On March 18, 2004, the Company concluded three acquisition- and assignment contracts for the purchase of altogether 2,052,251 shares of Kleindienst Datentechnik AG, Augsburg, Germany ("Kleindienst") at an acquisition price of EUR 7.50 per share. Transfer of ownership became effective upon payment of the purchase price on April 1, 2004.

As at June 30, 2005 Beta Systems Software AG had aquired a total of 3,569,095 shares in Kleindienst Datentechnik AG at an average unit price of EUR 7.50 per share (September 30, 2004: 3,522,616 shares). This represents 89.23% of the total share capital in Kleindienst Datentechnik AG.

Kleindienst Datentechnik AG and its subsidiaries were fully consolidated into the Beta Group for the first time as at April 1, 2004.

On April 22, 2005 the share exchange ratio for the planned merger of Kleindienst Datentechnik AG into Beta Systems Software AG was agreed on by both companies. According to this, Kleindienst shareholders received 0.6 Beta Systems shares for each Kleindienst share.

The share exchange ratio was determined by PricewaterhouseCoopers GmbH Wirtschafts-prüfungsgesellschaft, Frankfurt am Main in accordance with the Ertragswertverfahren (discounted future earnings method). The appropriateness of the process and the finding were audited by Warth & Klein GmbH Wirtschaftsprüfungsgesellschaft, independent merger auditors appointed by the Court.

The merger was voted on at the Annual General Meetings held by Beta Systems AG on June 14, 2005, viz. by Kleindienst Datentechnik AG on June 13, 2005. The merger became legally effective on August 25, 2005, the date of registration in the commercial register. With simultaneous effect Kleindienst Datentechnik AG was dissolved.

The ordinary share capital was increased by 258,543 shares as a result of the merger. The corresponding increase in paid-in capital was based on the market value of EUR 11.50 per share, the value of the share ruling on the merger date, and amounted to EUR 2,312. Against this, transaction costs in the amount of EUR 856 were accounted for.

A goodwill in the amount of EUR 673 resulted from the increase in share capital and the dispoal of minorities.

4. Sale of the Outsourcing Service business unit

On April 10, 2005, the Outsourcing Service business unit, inclusive of all shares in the DS Dokumenten Service Holding GmbH were sold to the Transaktionsinstitut für Zahlungsverkehrsdienstleistungen AG (TAI AG), a subsidiary of the DZ Bank AG. The purchase price amounted to EUR 10,350. The sale was effective retrospectively to January 1, 2005.

Outsourcing Service represented an independent business unit as an external service provider within the group of Kleindienst companies. Beta Systems continued the business unchanged and as a result Outsourcing Service represented an independently managed business unit within the Beta Group.

The disposed net asset amounted to EUR 3,418. The gain after tax of the disposed asset allocated in the income statement amounted to EUR 5,846. The operating result and income taxes of the business unit is shown in the income statement under “(Income) Loss from discontinued operations, less income taxes”. Amounts for the comparative previous year were adjusted accordingly.

Revenues, operating and financial results for the three and nine months to September 30 relating to the disposed business unit, are as follows:

	Three months to September 30, 2004	Three months to September 30, 2005	Nine months to September 30, 2004	Nine months to September 30, 2005
Revenues	3,428	-	7,080	**6,974**
Operating Expenses	(3,643)	-	(7,266)	**(7,297)**
Operating Loss	(215)	-	(186)	**(323)**
Other Income (Expenses)	136	-	146	**(1)**
Net Financing Costs	(107)	-	(236)	**(120)**
Loss from Continuing Operations, before Taxes and Minority Interests	(186)	-	(276)	**(444)**
Income from Discontinued Operations, less Income Taxes	-	-	-	**5,846**
Income Tax Expenses	(102)	-	(284)	**(60)**
Net Income (Loss) before Minority Interests	(288)	-	(560)	**5,342**
Minority Interests	(142)	-	(316)	**(235)**
Net Income (Loss) after Taxes and Minority Interests	(430)	-	(876)	**5,107**

All assets and liabilities relating to this business segment were eliminated in the consolidated balance sheets as at September 30, 2005.

The net cash flow of the disposed business segment is as follows:

	Nine months to September 30, 2004	Nine months to September 30, 2005
Net cash provided by operating activities	1,755	**1,195**
Net cash used in investing activities	(261)	**(12)**
Net cash used in financing activities	(1,590)	**(762)**
Increase (Decrease) in cash and cash equivalents	(96)	**421**

The sale of the business unit effectively reduced the Company’s staff complement by 238 employees.

5. Segment Information

All segments derive revenues from sales of product licenses as well as maintenance, consulting and services. As a result of the combining of business activities with Kleindienst, hardware sales are also realized.

The accounting policies of the operating segments are the same as those described in Summary of

Significant Accounting Policies. Segment amounts disclosed are prior to any elimination entries made in consolidation. Additionally, entities in Germany and Canada engage in research and development activities.

The results for the active business segments of the Company are presented according to the primary reporting format:

Three months to September 30, 2004	Storage Management	ID / Security Management	Data Center Management	ECM/Output Management	ECM/Input Management	Total
Revenues from Customers	755	2,603	3,525	4,695	11,966	23,544
Intersegment Revenues	84	274	403	611	1,641	3,013
	839	2,877	3,928	5,306	13,607	26,557
Segment Income (Loss)	5	(1,015)	(152)	(98)	104	(1,156)

Three months to September 30, 2005	Storage Management	ID / Security Management	Data Center Management	ECM/Output Management	ECM/Input Management	Total
Revenues from Customers	540	3,719	3,137	3,472	10,812	21,680
Intersegment Revenues	64	451	374	416	1,300	2,605
	604	4,170	3,511	3,888	12,112	24,285
Segment Loss	(142)	(952)	(124)	(340)	(2,107)	(3,665)

Nine months to September 30, 2004	Storage Management	ID / Security Management	Data Center Management	ECM/Output Management	ECM/Input Management	Total
Revenues from Customers	2,560	9,817	11,554	11,487	24,630	60,048
Intersegment Revenues	400	1,538	1,810	1,800	3,859	9,407
	2,960	11,355	13,364	13,287	28,489	69,455
Segment Income (Loss)	(78)	(3,045)	682	(691)	404	(2,728)

Nine months to September 30, 2005	Storage Management	ID / Security Management	Data Center Management	ECM/Output Management	ECM/Input Management	Total
Revenues from Customers	1,890	10,217	9,804	10,658	32,321	64,890
Intersegment Revenues	247	1,331	1,277	1,389	4,211	8,455
	2,137	11,548	11,081	12,047	36,532	73,345
Segment Loss	(461)	(3,444)	(415)	(1,296)	(5,550)	(11,166)

For information relating to the Outsourcing Service business segment please refer to Note 4.

A reconciliation of the revenues of the reportable segments to the Company's consolidated totals is as follows:

	Three months to September 30,		Nine months to September 30,	
	2004	**2005**	2004	**2005**
Operating Loss of Business Segments before Taxes	(1,156)	**(3,665)**	(2,728)	**(11,166)**
Costs not Allocated	(220)	**(52)**	(400)	**(186)**
Other Income (Loss), net	89	**(49)**	692	**1,429**
Operating Loss	(1,287)	**(3,766)**	(2,436)	**(9,923)**
Net Financing Costs	(95)	**(83)**	(10)	**(341)**
Loss from Continuing Operations, before Income Taxes and Minority Interests	(1,382)	**(3,849)**	(2,446)	**(10,264)**
Income (Loss) from Discontinued Operations, less Income Taxes	430	**-**	876	**(5,846)**
Income Tax Benefit	(667)	**(2,154)**	(1,640)	**(4,703)**
Net Income (Loss) before Minority Interests	(1,145)	**(1,695)**	(1,682)	**285**
Minority Interests	(421)	**328**	(738)	**526**
Net Loss as Reported	(724)	**(2,023)**	(944)	**(241)**

6. Change in Management

Effective September 21, 2005, Mr. Karl-Joachim Veigel, Chairman of the Management Board, resigned from his position within the Company. The Supervisory Board appointed Mr. Dietmar Breyer to temporarily take over the function held by Mr. Veigel, and further announced the appointment of Mr. Kilian Krieger effective from October 4, 2005. Mr. Krieger will be appointed senior executive furnished with general powers of attorney and will manage the corporate areas Finance, Controlling, Purchasing and Human Resources.

The restructuring-, cost reduction- and integration measures introduced during the year will continue to be implemented unchanged.

7. Change of Accounting Principles to IFRS

The Company applied the IFRS reporting standards for the first time in its financial statements as at June 30, 2005. The transition date applied to the accounting standards is January 1, 2004. All balance sheet items, and all items of the income statements for the comparative periods were retrospectively adjusted in accordance with IFRS 1.

The conversion affects the accounting of all assets and liabilities in accordance with IFRS, the elimination of assets and liabilities not to be accounted for under IFRS, the reclassification of assets and liabilities which do not correspond to IFRS definitions, and the valuation of assets and liabilities according to IFRS.

All IFRS conversion adjustments were allocated to retained earnings in the Company's opening balance as at January 1, 2004.

Compared with the previously applied Generally Accepted Accounting Principles in the US (US-GAAP) the Company made the following adjustments and applied the following exemptions:

IFRS 2 "Share-based payment" states that a company has to recognize share based payments at

Fair Value over the term of service rendered. Under certain conditions share based payments were recognized under US-GAAP with the Intrinsic Value Method or the Fair Value Method, which is similar to IFRS 2. The intrinsic value is the difference between the quoted market price of the stock at the date of grant, and the price payable by the employee. The Company applied the Intrinsic Value method and accordingly expensed an additional EUR 780 in first nine months of 2004 to the income statement. No adoption adjustments exist in the Company's income statements for the current year, as no share- or option-based rights exist. The exemption of IFRS 2.60 was not applied.

In the event of the acquisition of an entity which is not wholly acquired, all assets and liabilities have to be be allocated at Fair Value, in accordance with IFRS 3 " Business Combinations". Under US-GAAP the assets and liabilities were allocated at Fair Value only according to the equity method in accordance with the ratio of the equity attributable to the acquiree.

Effective April 1, 2004, the Company acquired the majority numer of shares in Kleindienst Datentechnik AG. The Company executed further purchase in stages until June 30, 2005 with the result that ca. 10% of Kleindienst Datentechnik AG shares were held by minority interest holders at that date. The undisclosed reserves in respect of the acquired assets attributable to minority interests, net of adjustments for the goodwill, amounted to EUR 5,551 as at April 1, 2004. This was, following the registered merger of Kleindienst Datentechnik AG into Beta Systems AG on August 25, 2005, fully reversed. Additional amortization costs for the reporting period amounted to EUR 842 (2004: EUR 754).

IAS 19, "Employee benefits“ states that a partial retirement agreement accrual needs to be recorded for probable future obligations due by the Company to employees.

Previously, according to US- GAAP, the evidence of a contractual agreement was required. Accordingly, additional future obligations in the amount of EUR 526 were recorded as from April 1, 2004 in consideration of the likelihood of future rights by employees (IAS 19.140). An additional gain of EUR 22 and EUR 33 resulted from the reversal of the accrual for the first nine months of 2004 and 2005, respectively. The valuation of the pension liabilities in comparison with US-GAAP did not result in a material difference.

The Company previously capitalized software development costs in accordance with SFAS 86 when technological feasibility of the research and development projects was achieved. An exact distinction between research and development was not required. Thus, software production costs were capitalized until general availability of the product.

IAS 38 "Intangible assets“, in contrast, requires a distinct separation between the research and development processes for capitalization of software development costs under IAS 38.52, with a correspondingly separate allocation of research and development costs The Company's research and development project processes are iterative and incremental and no clear disctinction can be made between them.

The Company thus allocated all previously capitalized software costs and corresponding accumulated amortization, amounting in total to a net value of EUR 3,142 against retained earnings in the opening balance sheet as at January 1, 2004.

The Company thus records no further capitalization of software development costs nor corresponding amortization in the results for the nine months to September 30, 2005. The results for the comparative prior year period were adjusted accordingly. The net effect for this period in 2004 amounted to EUR 512.

The valuation of balance sheet items in accordance with IFRS results in adjustments for deferred taxes. These relate primarily the capitalized software costs, the capitalization of undisclosed reserves for minority interests, and the accruals for retirement obligations. The effects of these

adjustments are disclosed in detailed reconciliations below.

The Company does not avail itself of the following exemptions under IFRS:

- Fair value or revaluation of deemed costs (IFRS 1.16-19)
- Employee benefits (IFRS 1.20)
- Cumulative translation benefits (IFRS 1.21)

The following exceptions are not relevant to the Company:

- Compound financial instruments (IFRS 1.23)
- Assets and liabilities of subsidiaries, associates and joint ventures (IFRS 1.24-1.25)
- Derecognition of financial assets and liabilities 1.1.2001 (IFRS 1.27)
- Hedge accounting (IFRS 1.28)
- Estimates (IFRS 1.31-1.34)

Reconciliations of the results for the three and nine months to September 30, and for the year to December 31, 2004, as well as reconciliations of the equity as at January 1, 2004, September 30, 2004 and as at December 31, 2004 from US-GAAP to IFRS follow:

	Three months to September 30, 2004
Result for the Quarter according to US-GAAP	**(528)**
Elimination of Amortization of Software Development Costs	239
Elimination of Capitalization of Software Development Costs	(611)
Reversal of Accruals for Retirement	11
Share based Costs	-
Amortization of Undisclosed Reserves of Minority Interests	(725)
Deferred Taxes	450
Minority Interest in Earnings	440
Result for the Quarter according to IFRS	**(724)**

	Nine months to September 30, 2004
Result for the Nine Months according to US-GAAP	**(1,476)**
Elimination of Amortization of Software Development Costs	647
Elimination of Capitalization of Software Development Costs	(1,159)
Reversal of Accruals for Retirement	22
Share based Costs	780
Amortization of Undisclosed Reserves of Minority Interests	(1,479)
Deferred Taxes	823
Minority Interest in Earnings	898
Result for the Nine Months according to IFRS	**(944)**

	Year to December 31, 2004
Result for the Year according to US-GAAP	**(17)**
Elimination of Amortization of Software Development Costs	1,138
Elimination of Capitalization of Software Development Costs	(2,413)
Reversal of Accruals for Retirement	33
Share based Costs	780
Amortization of Undisclosed Reserves of Minority Interests	(1,927)
Deferred Taxes	1,295
Minority Interest in Earnings	1,170
Result for the Year according to IFRS	**59**

Reconciliation of shareholders' equity:

	As at January 1, 2004
Shareholders' Equity according to US-GAAP	**31,710**
Derecognition of Software Development Costs, net against Retained Earnings	(3,142)
Reclassification of Share based Expenses from APIC	(337)
Reclassification of Share based Expenses Deferred Compensation Costs	780
Reclassification of Share based Expenses in Retained Earnings	(443)
Deferred Taxes against Retained Earnings	793
Shareholders' Equity according to IFRS	**29,361**

	As at September 30, 2004
Shareholders' Equity according to US-GAAP	**30,192**
Derecognition of Software Development Costs, net against Retained Earnings	(3,142)
Reclassification of Share based Expenses from APIC	(337)
Reclassification of Share based Expenses in Retained Earnings	(443)
Allocation of Retirement Accrual against Retained Earnings	(526)
Deferred Taxes against Retained Earnings	993
Expenses for Elimination of Amortization of Software Development Costs and Amortization	(512)
Elimination of Deferred Compensation Expenses	780
Reversal of Accruals for Retirement	22
Reclassification of Minority Interests	9,001
Deferred Taxes	451
Shareholders' Equity according to IFRS	**36,479**

	As at December 31, 2004
Shareholders' Equity according to US-GAAP	**31,762**
Derecognition of Software Development Costs, net against Retained Earnings	(3,142)
Reclassification of Share based Expenses from APIC	(337)
Reclassification of Share based Expenses in Retained Earnings	(443)
Allocation of Retirement Accrual against Retained Earnings	(526)
Deferred Taxes against Retained Earnings	993
Expenses for Elimination of Amortization of Software Development Costs and Amortization	(1,275)
Elimination of Deferred Compensation Expenses	780
Reversal of Accruals for Retirement	33
Reclassification of Minority Interests	8,886
Deferred Taxes	543
Shareholders' Equity according to IFRS	**37,274**

Adjustments affecting the Cash Flow for the prior year comparative period are as follows:

	Nine months to September 30, 2004
Net Income	**532**
Depreciation	832
Compensation Costs for Stock Options	(780)
Deferred Taxes	(823)
Minority Interests	(898)
Changes in Assets and Liabilities, net	39
Net Cash used in Operating Activities	**(1,098)**
Capitalization of Software Costs	1,098
Net Cash provided by Investing Activities	**1,098**
Change in Cash and Cash Equivalents	**-**